

REMARKS

Claims 7-11 remain in this application. Claims 21-50 have been added. In order to simplify the issues under consideration, claims 1-6 have been canceled without prejudice.

Claim 12-20 have been withdrawn as the result of an earlier restriction requirement.

In view of the examiner's earlier restriction requirement, applicant retains the right to present claims 12-20 in a divisional application.

This paper is responsive to the Office Action mailed April 7, 2004. Reconsideration of the subject application is respectfully requested based on the above Amendments and following Remarks.

35 U.S.C. 101 Rejections

The examiner rejected claims 7-11 under 35 U.S.C. 101 as directed to non-statutory subject matter, citing MPEP Section 2106. Section 2106 cites *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed.Cir. 1998). A USPTO White Paper entitled *Automated Financial or Management Data Processing Methods (Business Methods)*, published on the PTO web site points out that "the *State Street* decision triggered an awareness of the 'business method claim' as a viable form of patent protection.... such patents express the practical application (useful, concrete and tangible result) of technology that is the essence of an innovation. This segment of Class 705 is transitioning away from technology towards the end result the inventor is attempting to achieve with that technology." (*Business Methods* White Paper at p. 9). In the *State Street* case, the Federal Circuit explicitly allowed business method patents, ruling that "such claims should be treated like any other process claim." *Id.* At 1377.

Claims 7-11 and 21-50 recite steps to implement a computerized process of auctioning products or services and negotiating terms at an increased efficiency. As claims directed to a process, the claims recite an invention within the scope of statutory subject matter defined in 35 U.S.C. 101.

35 U.S.C. 112 Rejections

Claims 1-11 were rejected under 35 USC 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which the Applicant regards as the invention. Of those, the Examiner pointed to certain alleged deficiencies in claims 1 and 7, effectively leaving claims 2-6, and 8-11 as rejected under 35 USC 112 merely because they depend on rejected claims 1 and 7.

In response to the 35 USC 112 rejection, and in an effort to make the claims clearer, claim 7 is amended and claims 21-50 are added. It is respectfully submitted that the new claims more clearly define the scope of the claimed invention and are fully supported by the specification. Therefore all claims are allowable under 35 U.S.C. 112, second paragraph.

35 U.S.C. 103 Rejections

The Examiner rejects claims 1-11 under 35 USC 103 (a) as being unpatentable over Fisher et. al. (U.S. 5,835,896) ("Fisher") in view of Sheehan et. al. (U.S. 2001/0049647 A1) ("Sheehan").

The Examiner asserts that Fisher "discloses the claimed invention including initiating and concluding the auction." The Examiner also asserts that Sheehan "teaches the use of a final bidders set (i.e. various auction rounds)."

The Fisher patent describes various standard and known auction and trading arrangements that are implemented by software processes, such as electronic auctions held over the Internet using electronic mail (column 2, lines 11-12), electronic means for prospective buyers to post offers to buy a given security at a specific price (column 3, lines 55-56), a multi-bidder, interactive auction without using a human auctioneer (column 6, lines 4-5), and a "Dutch Auction" (column 10, line 30).

What the Sheehan patent application describes is a multi-round auction arrangement that has a pre-auction and a public auction (page 2, paragraph 19). The multi-round auction has a first round auction, which is limited to those who know of the auction and who are qualified, and a second round auction which is open to the public (page 2, paragraph 23).

At best, combining Fisher and Sheehan results in an arrangement capable of providing multi-round auctions limited to those who know of the auction and who are qualified and a second round auction, which is open to the public; the multi-round auction organized in a standard and known auction or trading arrangement.

In contradistinction, claim 7 defines an auction that has a bidding part, a selecting part and a designating part. Claim 7 includes "selecting a second plurality of bidders from the first plurality of bidders" and "designating, in turn, each one of the second plurality of bidders as a select bidder until one of an acceptance of either a bid from one of the second plurality of bidders or a rejection of all bids from each of the second plurality of bidders occurs." This is different from what is taught or suggested, explicitly or implicitly, alone or in combination, by Fisher and Sheehan.

Claims 8-21 are dependent claims that depend on claim 7 and consequently incorporate the limitation of claim 7 by reference. Applicant respectfully submits that claims 8-21 are patentable by virtue of their dependency from claim 7 which is believed to be patentable for reasons set forth in the discussion of claim 7. Accordingly, favorable consideration of claims 8-21 is respectfully considered.

Regarding claim 22, it defines an auction that has a bidding part and a negotiating part. Claim 22 includes "negotiating one or more terms of the product terms or the service terms with the bidder associated with the bid," which is different from what is taught or suggested, explicitly or implicitly, alone or in combination, by Fisher and Sheehan.

Claims 23-31 are dependent claims that depend on claim 22 and consequently incorporate the limitation of claim 22 by reference. Applicant respectfully submits that claims 23-31 are patentable by virtue of their dependency from claim 22 which is believed to be patentable for reasons set forth in the discussion of claim 22. Accordingly, favorable consideration of claims 23-31 is respectfully considered.

With respect to claim 32, it defines an auction that has a bidding part and a negotiating part. More specifically, claim 32 includes "selecting a first bid and a second bid from the one or more bids, nominating the first bid or the second bid, and negotiating one or more terms of the product terms or the service terms with the bidder associated with the first bid or the second bid" which is different from what is taught or suggested, explicitly or implicitly, alone or in combination, by Fisher and

Sheehan.

Claims 33-37 are dependent on claim 32 and are, therefore believed allowable. Claims 33-37 are dependent claims that depend on claim 32 and consequently incorporate the limitation of claim 32 by reference. Applicant respectfully submits that claims 33-37 are patentable by virtue of their dependency from claim 32 which is believed to be patentable for reasons set forth in the discussion of claim 32. Accordingly, favorable consideration of claims 33-37 is respectfully considered.

Claim 38 defines an auction that has a bidding part and a negotiating part. Claim 38 includes "negotiating one or more terms of a product terms or a service terms with the auctioneer" which is different from what is taught or suggested, explicitly or implicitly, alone or in combination, by Fisher and Sheehan.

Claims 39-43 are dependent on claim 38 and are, therefore believed allowable. Claims 39-43 are dependent claims that depend on claim 38 and consequently incorporate the limitation of claim 38 by reference. Applicant respectfully submits that claims 39-43 are patentable by virtue of their dependency from claim 38 which is believed to be patentable for reasons set forth in the discussion of claim 38. Accordingly, favorable consideration of claims 39-43 is respectfully considered.

Regarding claim 44, it defines an auction that has a bidding part and a negotiating part. Claim 44 includes "negotiating one or more terms of the product terms or the service terms between the auctioneer and the bidder associated with the selected bid" which is different from what is taught or suggested, alone or in combination, by Fisher and Sheehan.

Claims 45-50 are dependent on claim 44 and are, therefore believed allowable. Claims 45-50 are dependent claims that depend on claim 44 and consequently incorporate the limitation of claim 44 by reference. Applicant respectfully submits that claims 45-50 are patentable by virtue of their dependency from claim 44 which is believed to be patentable for reasons set forth in the discussion of claim 44. Accordingly, favorable consideration of claims 45-50 is respectfully considered.

The Examiner took Official Notice that "it also would have been obvious to a person having ordinary skill in the art at the time the invention was made to modify the Fisher/Sheehan combination to include alternative payments and shipment

terms." The Applicant does not agree with the Examiner for reasons discussed above.

In light of the above amendments and remarks, the Applicant believes that all rejections have been overcome. Reconsideration and allowance of claims 7-50 are respectfully requested.

An early and favorable action on the merits is earnestly solicited.

Respectfully submitted,

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